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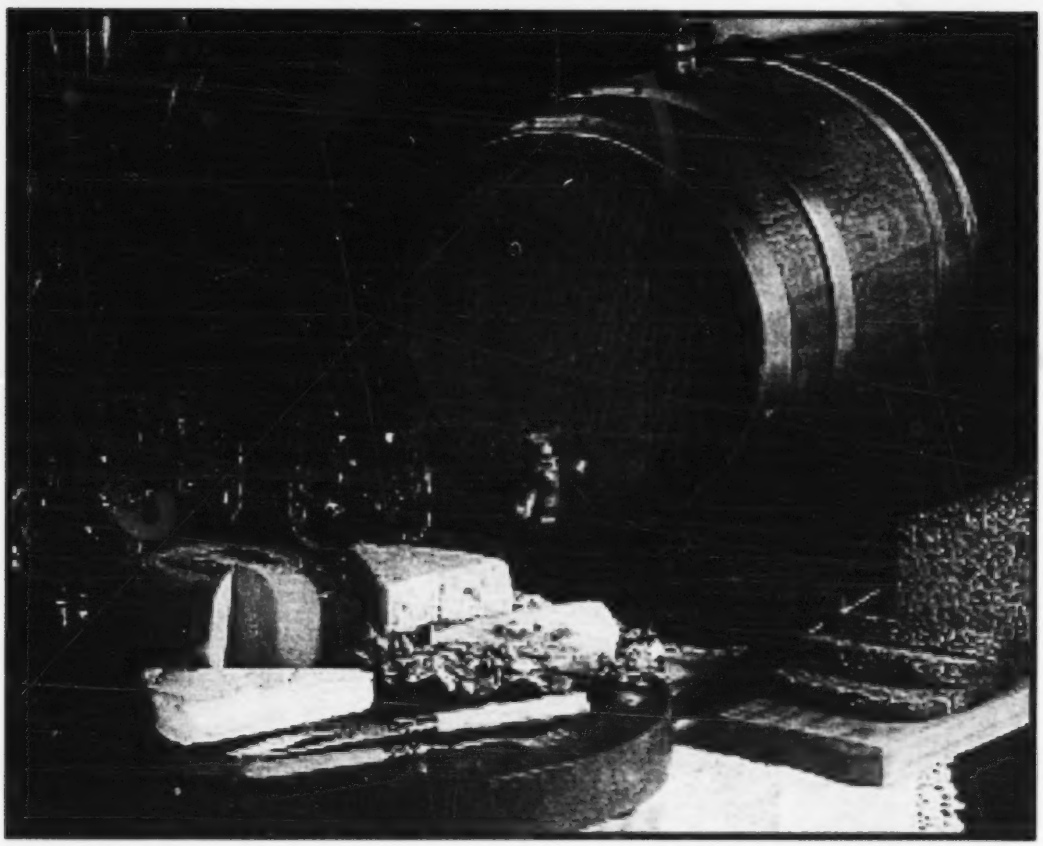
Northwest Territories Liquor Commission



47th Annual Report

103-04132/

Northwest Territories Liquor Commission

47th Annual Report

Northwest Territories Canada

THE HONOURABLE JOSEPH L. HANDLEY
MINISTER OF FINANCE

NWT Liquor Commission Annual Report

Pursuant to Sections 9(1) and 61 of the *Liquor Act*, we are pleased to submit the forty-seventh Annual Report for the fiscal year ended March 31, 2001.

We wish to express our thanks to all our staff and the members of the Liquor Licensing Board for all their support and contribution to the progress of the NWT Liquor Commission and the NWT Liquor Licensing Board during the past year.

Margaret Melhorn
Deputy Minister
Finance

RJ Courtoreille
General Manager
NWT Liquor Commission

Eric Malmsten
Chairperson
NWT Liquor Licensing Board

MEMBERS OF THE LEGISLATIVE ASSEMBLY

NWT Liquor Commission Annual Report

I am pleased to present herewith, for the information of the Members of the Legislative Assembly, the forty-seventh Annual Report of the Northwest Territories Liquor Commission and Liquor Licensing Board for the fiscal year ended March 31, 2001.

Joseph L. Handley
Minister Responsible for the
NWT Liquor Commission

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NORTHWEST TERRITORIES LIQUOR LICENSING BOARD

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EXECUTIVE ORGANIZATION

As at March 31, 2001

Minister Responsible

Minister	The Honourable Joseph L. Handley
Deputy Minister	Margaret Melhorn

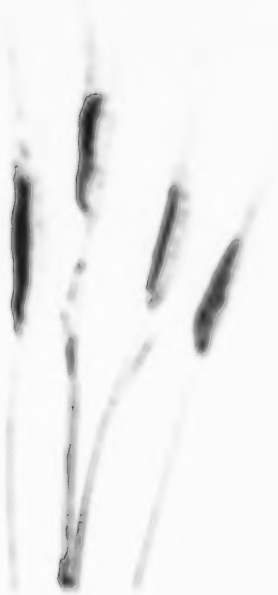
Northwest Territories Liquor Commission

General Manager	Ron Courtoreille
Manager, Finance and Administration	Annette Brockway
Stocks Manager	Larry Kathan

Northwest Territories Liquor Licensing Board

Chairperson	Eric Malmsten
Manager, Licensing and Enforcement	Delilah St. Arneault

Audited Financial Statements



MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Northwest Territories Liquor Commission ("the Commission") maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis and that the Commission acts in accordance with the laws of the Northwest Territories and Canada. The Commission's management recognizes its responsibility for conducting the Commission's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a Territorial agency.

The accompanying financial statements were prepared by management in conformity with Canadian generally accepted accounting principles appropriate in the circumstances.

The Auditor General of Canada annually provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. She also considers whether the transactions which come to his notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.

R.G. Courtoreille
General Manager

A. Brockway
Manager, Finance and Administration

May 16, 2001

AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

AUDITOR'S REPORT

To the Minister of Finance

I have audited the balance sheet of the Northwest Territories Liquor Commission as at March 31, 2001 and the statements of income, amount due to the Government of the Northwest Territories and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Commission and the financial statements are in agreement therewith and the transactions of the Commission that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, and the *Northwest Territories Liquor Act* and regulations.

Ronald C. Thompson, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 16, 2001

NORTHWEST TERRITORIES LIQUOR COMMISSION

Balance Sheet

March 31, 2001, with comparative figures for 2000

	2001 ($000's)	2000 ($000's)
Assets		
Current assets:		
Cash	$ 1,233	$ 355
Accounts receivable	2	3
Due from Nunavut Liquor Commission	63	941
Inventories (note 3)	3,089	2,963
Prepaid expenses	12	14
	4,399	4,276
Capital assets (note 4)	65	214
	$ 4,464	$ 4,490
Liabilities		
Current liabilities:		
Accounts payable	$ 2,007	$ 1,898
Employee future benefits	154	128
Due to the Government of the Northwest Territories	2,303	2,464
Commitment (note 7)		
	$ 4,464	$ 4,490

See accompanying notes to financial statements.

Approved by Management:

R. Courtoreille
General Manager

A. Brockway
Manager, Finance and Administration

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Income

Year ended March 31, 2001, with comparative figures for 2000

	2001 ($000's)	2000 ($000's)
Sales:		
Beer	$ 14,684	$ 14,072
Spirits	12,553	11,852
Wine	2,745	2,700
Coolers and ciders	1,119	989
	31,101	29,613
Cost of goods sold:		
Beer	6,057	5,690
Spirits	3,719	3,507
Wine	1,195	1,168
Coolers and ciders	326	260
	11,297	10,625
Gross profit on sales	19,804	18,988
Other income:		
License fees and permits	502	491
Import fees and other income	375	246
	877	737
	20,681	19,725
Expenses:		
Commissions to agents	2,907	2,779
Salaries, wages and employee benefits	883	790
Amortization of capital assets	121	117
Travel	71	74
Rent	56	54
Office supplies	52	38
Inspectors' fees	51	36
Communications	42	50
Computer services	32	68
Board member honoraria	23	26
Advertising	22	7
Professional fees	11	7
Losses due to breakage, spoilage and theft	7	6
Miscellaneous	3	1
Insurance	–	12
	4,281	4,065
Net income	$ 16,400	$ 15,660

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Amount Due to the Government of the Northwest Territories

Year ended March 31, 2001, with comparative figures for 2000

	2001 ($000's)	2000 ($000's)
Balance, beginning of year	$ 2,464	$ 2,454
Net income	16,400	15,660
Salaries, wages and benefits paid by the Government	875	859
	19,739	18,973
Net transfer of funds to the Government	17,436	16,509
Balance, end of year	$ 2,303	$ 2,464

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Cash Flows

Year ended March 31, 2001, with comparative figures for 2000

	2001 ($000's)	2000 ($000's)
Cash flows from operating activities:		
Cash received from customers	$ 32,847	$ 29,374
Cash paid to suppliers and employees	(14,519)	(14,012)
Net cash provided by operating activities	18,328	15,362
Cash flows from investing activities:		
Purchase of capital assets	(14)	(27)
Proceeds from disposal of capital assets	–	6
Net cash used in investing activities	(14)	(21)
Cash flows from financing activities:		
Cash transferred to the Government of the Northwest Territories	(17,436)	(16,509)
Net cash used in financing activities	(17,436)	(16,509)
Increase (decrease) in cash	878	(1,168)
Cash, beginning of year	355	1,523
Cash, end of year	$ 1,233	$ 355

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

Year ended March 31, 2001

---

1. Authority and operations:

The Northwest Territories Liquor Commission is established under Part II of the Northwest Territories Liquor Act. It is responsible for the operation of liquor stores and the purchase and distribution of liquor in the Northwest Territories through the Liquor Revolving Fund. The Department of Finance is responsible for the administration of the Fund through the Consolidated Revenue Fund. The Commission is authorized by the Legislative Assembly to receive interest free working capital advances from time to time not exceeding $6,500,000 to finance its operations.

Net income for the year is to be transferred to the Government of the Northwest Territories in accordance with the Liquor Act.

These financial statements include the operations of the Liquor Licensing Board of the Northwest Territories.

The Commission is non-taxable under the Income Tax Act, Canada.

2. Significant accounting policies:

(a) Inventories:

Inventories are valued at replacement cost which is not materially different than cost. Cost includes invoiced cost, freight, duties and taxes.

(b) Capital assets:

Computer equipment represents hardware and software and is stated at cost. Amortization is provided on the straight-line basis at an annual rate of 33% (during the year management revised the estimated useful life of its computer equipment from 5 years to 3 years).

Recycling equipment is stated at cost. Amortization is provided on cost less estimated salvage value on the straight-line basis at an annual rate of 10%.

Leasehold improvements are stated at cost. Amortization is provided on the straight-line basis at an annual rate of 20%.

Furniture and fixtures are stated at cost. Amortization is provided on cost less estimated salvage value on the straight-line basis at an annual rate of 20%.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

Year ended March 31, 2001

2. Significant accounting policies, continued:

(c) Employee future benefits:

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Commission contributes at a rate of 2.14 times (2000 - 1 times) the employee's contribution. The Commission's contributions of $74,000 (2000 - $33,000) are charged as an expenditure on a current year basis, and represent the total pension obligations of the commission. The Commission is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Plan.

Under the conditions of employment, employees may earn non-pension benefits for severance, retirement and removal costs based upon years of service. The benefits are paid upon resignation, retirement or death of an employee. The expected cost of providing these benefits is recognized as employees render service. The cost of the benefits has been determined based on management's best estimates.

3. Inventories:

	2001 ($000's)	2000 ($000's)
Spirits	$ 1,521	$ 1,408
Wine	441	432
Beer	950	999
Coolers and ciders	177	124
	$ 3,089	$ 2,963

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

Year ended March 31, 2001

4. Capital assets:

	Cost ($000's)	Accumulated amortization ($000's)	2001 Net book value ($000's)	2000 Net book value ($000's)
Computer equipment	$ 444	$ 397	$ 47	$ 181
Recycling equipment	150	135	15	27
Leasehold improvements	39	39	-	2
Furniture and fixtures	31	28	3	4
	$ 664	$ 599	$ 65	$ 214

5. Related party transactions:

The Commission is related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and corporations. The Commission enters into transactions with these entities in the normal course of business.

The Government of the Northwest Territories provides the Commission with various administrative services, the value of which is not reflected in these financial statements.

6. Service agreement:

The Commission provides various corporate and program delivery services to the Nunavut Liquor Commission and Nunavut Liquor Licensing Board. It received $147,000 ($111,000 in 2000) in fees for the services rendered.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements

Year ended March 31, 2001

7. Commitment:

The Commission renewed a lease agreement for premises for a five year term ending August 31, 2005. The minimum annual lease payments are:

	($000's)
2002	$ 50
2003	50
2004	50
2005	50
2006	21
	$ 221

Annual lease payments include operating costs which are subject to annual increases based on the consumer price index and adjustments for property tax assessments.

Northwest Territories Liquor Commission

Financial Results And General Statistics

Year In Review

Net revenues from the sale of liquor increased to $16,293,000 in 2000/2001 from $15,570,000 in 1999/2000. The increased revenues of $723,000 or 4.6% over the previous year is a result of increased mark-ups implemented in September, 1999 and an overall increase in litres of liquor sold.

The total volumes of liquor sold increased by 35,000 litres. Although litres of liquor sold to licensed premises decreased by 28,000 litres, retail volume sales increased 63,000 litres. The increased volumes are due primarily to increased retail sales in Yellowknife, Inuvik and Hay River and increased licensee sales in Yellowknife.

During the year a Yellowknife business was contracted to conduct an in-depth study on how liquor should be sold to residents of Yellowknife and to recommend, to the Commission, improved methods of retailing liquor in Yellowknife. The study recommended that the Liquor Commission could improve retail services by having two liquor stores in the city of Yellowknife after the expiry of the current liquor store contract.

Mark – Ups

The NWT is one of two liquor jurisdictions in Canada that utilizes, exclusively, a flat rate mark-up to generate a level of revenue from the sale of liquor.

In addition to product costs, freight, container deposits, GST retail, warehousing and administrative costs, the flat rate mark-up generates a liquor price at which residents and licensed premises are able to purchase liquor at each community. The flat rate markup ensures that revenues generated from the sale of liquor products remain constant while retail prices vary from community to community.

Current mark-ups, per litre were used for the period ending March 31, 2001.

Spirits	$ 23.49
Wine	$ 6.99
Beer	$ 1.74
Coolers	$ 2.73
Ciders	$ 1.78

Import Permits

A person who is eligible to purchase and consume liquor in the Northwest Territories may personally import 1140ml of spirits or wine or twelve 355ml containers of beer. An import permit is required to import quantities greater than the allowable amounts.

Import permit fees per litre are as follows:

Spirits	$ 8.77
Wine	$ 7.02
Beer	$ 0.70
Coolers/ciders	$ 1.75

Container deposit and GST are in addition to the listed fees. 28 permits were issued in 2000/2001, which generated $2,000 in additional revenue.

Retailing and Warehousing

All retail outlets and warehouses are operated by private sector contractors. The Liquor Commission continued to operate the Nunavut Liquor Commission under a contracting agreement between the Government of the Northwest Territories and the Nunavut government.

Contractors and expiry dates of each contract are as follows:

Agency	Contractor	Expiry Date
Fort Simpson Liquor Agency	974173 NWT Ltd.	October 31, 2003
Fort Smith Liquor Agency	Martselos Services Ltd.	November 30, 2001
Hay River Liquor Warehouse	Hay River Liquor Retailers (1991) Ltd.	January 31, 2004
Hay River Liquor Agency	Hay River Liquor Retailers (1991) Ltd.	March 31, 2007
Inuvik Liquor Warehouse	Stanton Group Ltd	June 30, 2004
Inuvik Liquor Agency	Stanton Distributing Co. Ltd	September 30, 2004
Norman Wells Liquor Agency	Norman Wells Liquor Agency Ltd.	September 30, 2003
Yellowknife Liquor Agency	913007 NWT Ltd.	August 31, 2001
Yellowknife Liquor Warehouse	Hay River Liquor Retailers (1991) Ltd.	February 28, 2008

Resupply

The Liquor Commission uses water and road transportation modes to resupply liquor products to its liquor agencies and warehouses.

Approximately 95% of all liquor sold in the Northwest Territories is readily supplied by the highway system with little or no service interruptions caused by freeze up or break up of river crossings. Due to the availability of ferry service or winter ice crossings, Yellowknife, Inuvik and Ft. Simpson liquor facilities must warehouse greater quantities of liquor to last over the freeze up or break up periods. Similarly, the Norman Wells liquor outlet is resupplied by barge with spirits, wine and beer during the summer months and again by winter road during the winter months.

The Liquor Commission purchases all domestic liquor products directly from the distillery, brewery or winery, while imported liquor products are purchased from the British Columbia Liquor Distribution Branch and some from Alberta Gaming and Liquor Commission. Some domestic suppliers have arranged to ship their product from warehouse facilities in Alberta, which enables the Liquor Commission to order on a more frequent basis. Resupplies from British Columbia and Alberta enables the Liquor Commission to purchase smaller quantities of liquor more frequently and reduce the amount of money tied up in inventories.

Recycling

In 1991, the Liquor Commission initiated a deposit refund program on all liquor containers except beer bottles from Molson and Labatt breweries. These breweries have a deposit refund program in place on their beer bottles sold in the Northwest Territories. In communities where the Liquor Commission has an outlet, liquor containers can be returned to local bottle depots for a full deposit refund.

During the year, 5,278,000 liquor containers were sold, while 3,604,000 containers or 68% were returned to NWT bottle depots for a refund. Approximately 5 million beer bottles from Labatt and Molson breweries were also sold.

Labatt and Molson beer bottles may be returned to the local bottle depot for a refund determined by the local depot operator. These refunds vary from community to community. Approximately 90% of the Molson and Labatt beer bottles are returned to Brewers Distributing through their deposit refund program.

Consolidated Operation (Excluding Liquor Licensing Board)

March 31, 2001
($000's)

	Spirits	Wine	Beer	Coolers	2001	2000
Sales						
Consumers	10,764	2,264	8,722	781	22,531	21,269
Licensees	1,789	481	5,962	338	8,570	8,344
	12,553	2,745	14,684	1,119	31,101	29,613
Cost of Goods Sold						
Beginning Inventory	1,408	432	999	124	2,963	2,724
Purchases	3,701	1,121	5,321	337	10,480	10,072
Freight	130	83	687	42	942	792
Ending Inventory	(1,520)	(441)	(950)	(177)	(3,088)	(2,963)
	3,719	1,195	6,057	326	11,297	10,625
Gross Margin	8,834	1,550	8,627	793	19,804	18,988
Other Income						
Import Permits					2	2
Bottle Deposit Program					124	129
Other					213	102
					339	233
					20,143	19,221
Expenses						
Commissions to agents					2,907	2,779
Salaries, wages & employee benefits					633	547
Amortization of capital assets					121	117
Travel					16	16
Rent					43	41
Office supplies					38	24
Computer services					32	68
Communications					30	38
Professional fees					11	1
Advertising					9	1
Losses due to breakage, spoilage and theft					7	6
Miscellaneous					3	1
Insurance					-	12
					3,850	3,651
Net Income					16,293	15,570

Performance Ratios

March 31, 2001
($000's)

	Spirits	Wine	Beer	Coolers	2001	2000
Sales Ratios						
Category to Total Sales	40.4%	8.8%	47.2%	3.6%		
Consumer Sales to Total Category	85.7%	82.5%	59.4%	69.8%	72.4%	71.8%
Licensee Sales to Total Category	14.3%	17.5%	40.6%	30.2%	27.6%	28.2%
Profitability Ratios						
% Gross Margin to Sales	70.4%	56.5%	58.8%	70.9%	63.7%	64.1%
% Net Income to Sales					52.4%	52.6%
Efficiency Ratio						
Inventory Turns	2.54	2.74	6.22	2.17	3.73	3.74

Five Year Performance History (Excluding Liquor Licensing Board)

($000's)

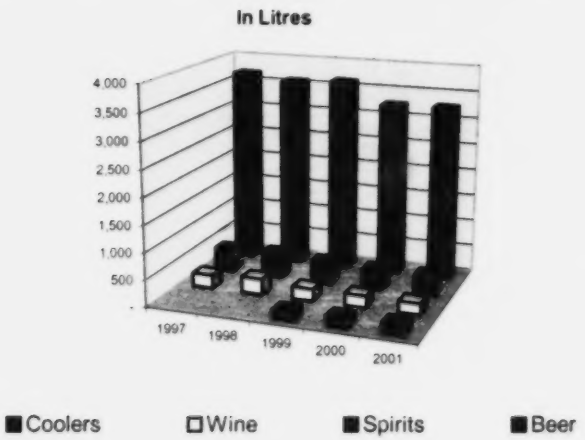
For Year Ended March 31	Gross Sales	%Change In Sales	Net Income	Net Income as % of Sales	Operating Expenses
1997	30,048	1.2%	15,633	52.03%	3,687
1998	30,706	2.2%	15,846	51.61%	3,875
1999	31,617	3.0%	16,043	50.74%	3,930
* 2000	29,613	-6.3%	15,570	52.58%	3,651
2001	31,101	5.0%	16,292	52.38%	3,851

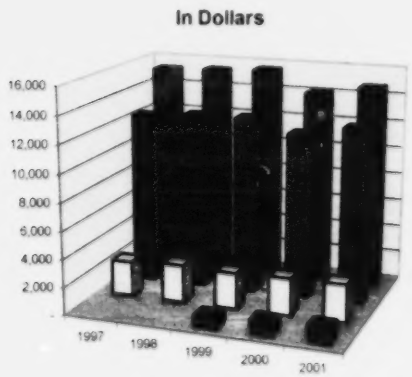
* Sales are lower in 2000 because liquor sales in Nunavut are no longer included with the Northwest Territories operations.

Five Year Sales History

($000's)	1997	1998	1999	* 2000	2001
Spirits	12,370	12,664	12,709	11,852	12,553
Wine	2,543	2,735	2,608	2,700	2,745
Beer	15,135	15,307	15,508	14,072	14,684
Coolers			792	989	1,119
	30,048	30,706	31,617	29,613	31,101

In Litres (000's)	1997	1998	1999	* 2000	2001
Spirits	430	457	399	356	365
Wine	246	292	227	222	212
Beer	3,678	3,576	3,629	3,248	3,268
Coolers			141	169	185
	4,354	4,325	4,396	3,995	4,030



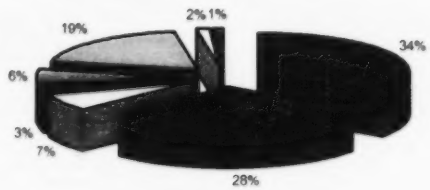


* Sales are lower in 2000 because liquor sales in Nunavut are no longer included with the Northwest Territories operations.

Liquor Sales by Customer Type

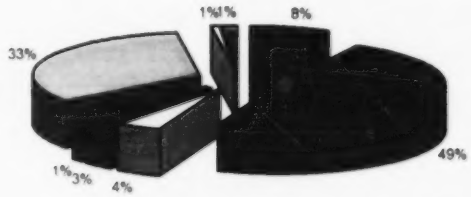
($000's)	2001	% of Total Sales
Spirit Sales to Public	10,764	34.6
Beer Sales to Public	8,722	28.0
Wine Sales to Public	2,264	7.3
Cooler Sales to Public	781	2.5
Total Consumer Sales	22,531	72.4
Spirit Sales to Licensees	1,789	5.7
Beer Sales to Licensees	5,962	19.2
Wine Sales to Licensees	481	1.5
Cooler Sales to Public	338	1.1
Total Licensee Sales	8,570	27.6
Total Sales	31,101	100.0

In Dollars



- Spirit Sales to Public
- Beer Sales to Public
- Wine Sales to Public
- Cooler Sales to Public

In Litres



- Spirit Sales to Licensees
- Beer Sales to Licensees
- Wine Sales to Licensees
- Cooler Sales to Licensees

Litre Sales by Customer Type

(000's)	2001	% of Total Sales
Spirit Sales to Public	313	7.8%
Beer Sales to Public	1,935	48.0%
Wine Sales to Public	177	4.4%
Cooler Sales to Public	131	3.3%
Total Consumer Sales	2,556	63.4%
Spirit Sales to Licensees	52	1.3%
Beer Sales to Licensees	1,333	33.1%
Wine Sales to Licensees	35	0.9%
Cooler Sales to Public	54	1.3%
Total Licensee Sales	1,474	36.6%
Total Sales	4,030	100.0%

Store Operations

Liquor Sold By Location

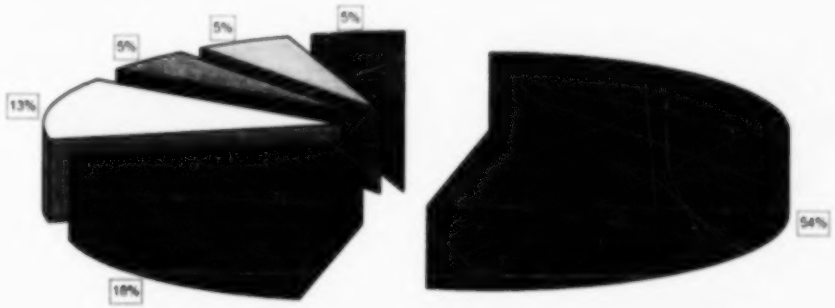
($000's)	Spirits	Wine	Beer	Coolers	2001	2000
Yellowknife	6,200	1,907	7,965	531	16,603	15,680
Inuvik	2,784	315	2,271	274	5,644	5,371
Hay River	1,502	228	2,182	181	4,093	3,933
Norman Wells	713	60	748	44	1,565	1,516
Fort Smith	485	184	905	67	1,641	1,621
Fort Simpson	864	27	599	22	1,512	1,471
* Other	5	24	14	-	43	21
Total 2001	12,553	2,745	14,684	1,119	31,101	
Total 2000	11,852	2,700	14,072	989		29,613
% Increase	5.9%	1.7%	4.3%	13.1%	5.0%	

* This refers to sales made to remote areas through Head Office from other liquor jurisdictions

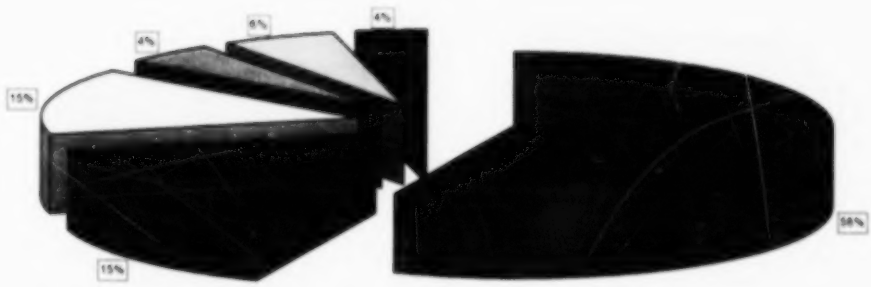
Litres Sold By Location

(000's)	Spirits	Wine	Beer	Coolers	2001	2000
Yellowknife	181	145	1,841	91	2,258	2,214
Inuvik	80	24	458	41	603	602
Hay River	45	20	504	32	601	601
Norman Wells	20	4	150	7	181	179
Fort Smith	14	16	196	11	237	246
Fort Simpson	25	2	117	3	147	148
Other	-	1	2	-	3	5
Total 2001	365	212	3,268	185	4,030	
Total 2000	356	222	3,248	169		3,995
% Increase (Decrease)	2.5%	-4.5%	0.6%	9.5%	0.9%	

Sales in Dollars By Location



Sales in Litres By Location



Yellowknife
Inuvik
Hay River
Norman Wells
Fort Smith
Fort Simpson

Sales to Licensees

($000's)	Spirits	Wine	Beer	Coolers	2001	2000
Yellowknife	1,099	395	3,156	158	4,808	4,523
Inuvik	242	42	1,004	103	1,391	1,429
Hay River	197	23	881	44	1,145	1,197
Norman Wells	101	13	273	10	397	371
Fort Smith	93	5	365	17	480	480
Fort Simpson	52	2	269	6	329	337
Other	5	1	14	-	20	7
Total 2001	1,789	481	5,962	338	8,570	
Total 2000	1,679	451	5,902	312		8,344
% Increase	6.6%	6.7%	1.0%	8.3%	2.7%	

Sales to Consumers

($000's)	Spirits	Wine	Beer	Coolers	2001	2000
Yellowknife	5,101	1,512	4,809	373	11,795	11,157
Inuvik	2,542	273	1,267	171	4,253	3,942
Hay River	1,305	205	1,301	137	2,948	2,736
Norman Wells	612	47	475	34	1,168	1,145
Fort Smith	392	179	540	50	1,161	1,141
Fort Simpson	812	25	330	16	1,183	1,134
Other	-	23	-	-	23	14
Total 2001	10,764	2,264	8,722	781	22,531	
Total 2000	10,173	2,249	8,170	677		21,269
% Increase	5.8%	0.7%	6.8%	15.4%	5.9%	

Sales To Licensees

In Litres (000's)	Spirits	Wine	Beer	Coolers	2001	2000
Yellowknife	33	29	743	26	831	814
Inuvik	6	3	200	15	224	240
Hay River	6	2	203	7	218	239
Norman Wells	2	1	55	2	60	59
Fort Smith	3	-	78	3	84	90
Fort Simpson	2	-	52	1	55	58
Other	-	-	2	-	2	2
Total 2001	52	35	1,333	54	1,474	
Total 2000	53	35	1,363	51		1,502
% Increase (Decrease)	-1.9%	0.0%	-2.2%	5.9%	-1.9%	

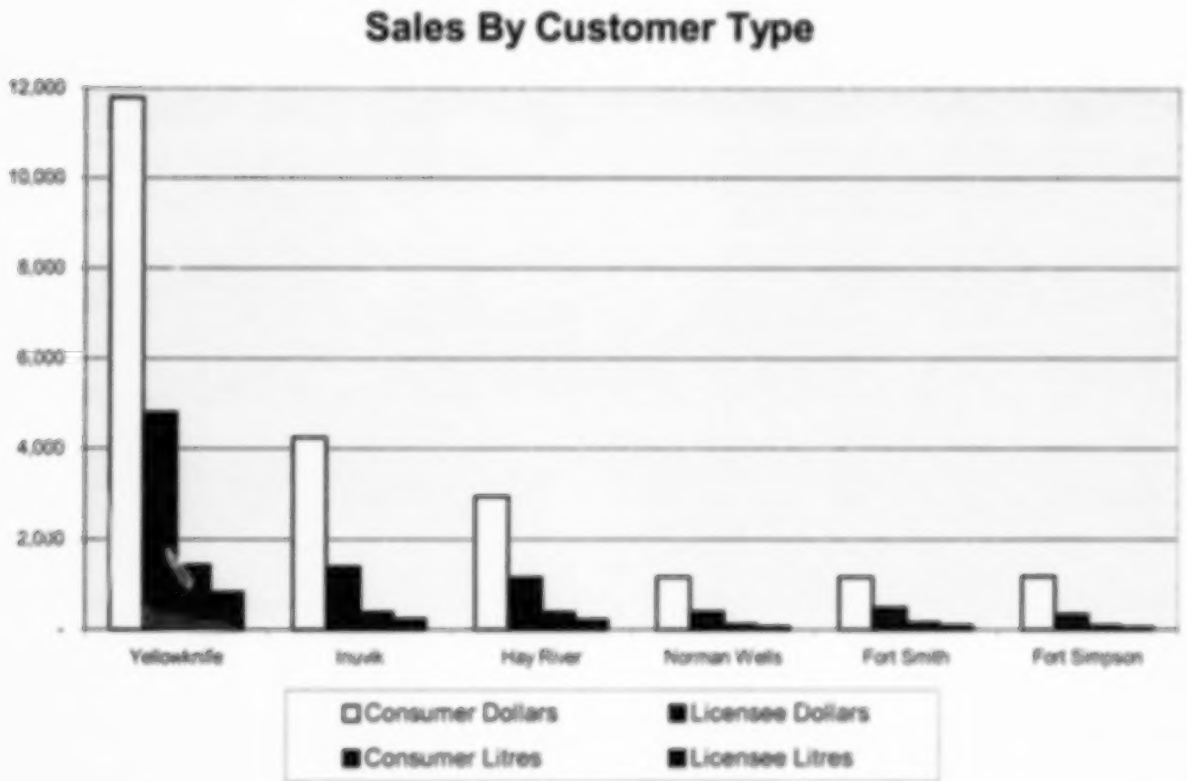
Sales to Consumers

In Litres (000's)	Spirits	Wine	Beer	Coolers	2001	2000
Yellowknife	148	116	1,098	65	1,427	1,400
Inuvik	74	21	258	26	379	362
Hay River	39	18	301	25	383	362
Norman Wells	18	3	95	5	121	120
Fort Smith	11	16	118	8	153	156
Fort Simpson	23	2	65	2	92	90
Other	-	1	-	-	1	3
Total 2001	313	177	1,935	131	2,556	
Total 2000	303	187	1,885	118		2,493
% Increase (Decrease)	3.3%	-5.3%	2.7%	11.0%	2.5%	

Sales By Customer Type

($000's)	Consumer	Licensee	2001
Yellowknife	11,795	4,808	16,603
Inuvik	4,253	1,391	5,644
Hay River	2,948	1,145	4,093
Norman Wells	1,168	397	1,565
Fort Smith	1,161	480	1,641
Fort Simpson	1,183	329	1,512
Other	23	20	43
Total 2001	22,531	8,570	31,101
Total 2000	21,269	8,344	29,613

In litres (000's)	Consumer	Licensee	2001
Yellowknife	1,427	831	2,258
Inuvik	379	224	603
Hay River	383	218	601
Norman Wells	121	60	181
Fort Smith	153	84	237
Fort Simpson	92	55	147
Other	1	2	3
Total 2001	2,556	1,474	4,030
Total 2000	2,493	1,502	3,995



Store/Warehouse Revenues by Location (Excluding Administration)
Sales/Cost of Goods Sold/ Gross Margin

($000's)			Yellowknife	Inuvik	Hay River
Sales	Spirits	Consumers	5,101	2,542	1,305
		Licensees	1,099	242	197
			6,200	2,784	1,502
	Wine	Consumers	1,512	273	205
		Licensees	395	42	23
			1,907	315	228
	Beer	Consumers	4,809	1,267	1,301
		Licensees	3,156	1,004	881
			7,965	2,271	2,182
	Coolers	Consumers	373	171	137
		Licensees	158	103	44
			531	274	181
			16,603	**5,644**	**4,093**
Cost of Goods Sold	Spirits	Beginning Inventory	613	245	337
		Purchases	1,983	818	382
		Freight	52	48	14
		Ending Inventory	(794)	(293)	(288)
			1,854	818	445
	Wine	Beginning Inventory	242	49	86
		Purchases	813	122	68
		Freight	50	20	6
		Ending Inventory	(291)	(45)	(67)
			814	146	93
	Beer	Beginning Inventory	592	220	58
		Purchases	2,982	748	846
		Freight	305	197	73
		Ending Inventory	(539)	(207)	(80)
			3,320	958	897
	Coolers	Beginning Inventory	56	19	35
		Purchases	156	86	48
		Freight	15	17	4
		Ending Inventory	(82)	(36)	(46)
			144	86	41
			6,132	**2,008**	**1,476**
Gross Margin		Spirits	4,346	1,966	1,057
		Wine	1,093	169	135
		Beer	4,645	1,313	1,285
		Coolers	387	188	140
			10,471	**3,636**	**2,617**
Operating Expenses		Warehouse	425	199	210
		Retail	996	323	241
	Total		**1,421**	**522**	**451**
Total Revenue			9,050	3,114	2,166

Store Operations

Norman Wells	Fort Smith	Fort Simpson	2001	2000
612	392	812	10,764	10,173
101	93	52	1,784	1,675
713	485	864	12,548	11,848
47	179	25	2,241	2,235
13	5	2	480	451
60	184	27	2,721	2,686
475	540	330	8,722	8,170
273	365	269	5,948	5,899
748	905	599	14,670	14,069
34	50	16	781	677
10	17	6	338	312
44	67	22	1,119	989
1,565	1,641	1,512	31,058	29,592
124	39	50	1,408	1,445
173	137	226	3,699	3,330
8	3	5	130	125
(97)	(38)	(32)	(1,522)	(1,408)
208	141	249	3,715	3,492
25	19	9	430	445
18	78	14	1,113	1,079
3	3	-	82	68
(17)	(16)	(4)	(440)	(430)
29	84	19	1,185	1,162
43	40	46	999	715
281	317	162	5,316	5,385
59	35	18	887	585
(87)	(26)	(11)	(950)	(999)
296	366	215	6,052	5,686
10	3	2	124	120
13	22	12	337	267
4	2	1	43	13
(9)	(3)	(1)	(177)	(124)
18	24	14	327	276
551	615	497	11,279	10,616
505	344	615	8,833	8,356
31	100	8	1,536	1,524
452	539	384	8,618	8,383
26	43	8	792	713
1,014	1,026	1,015	19,779	18,976
n/a	n/a	n/a	834	816
190	165	181	2,096	1,981
190	165	181	2,930	2,797
824	861	834	16,849	16,179

Performance Ratios

	Yellowknife	Inuvik	Hay River
Sales Ratios			
Spirits			
Category to Total Sales	37.3%	49.3%	36.7%
Consumer Sales to Total Category	82.3%	91.3%	86.9%
Licensee Sales to Total Category	17.7%	8.7%	13.1%
Wine			
Category to Total Sales	11.5%	5.6%	5.6%
Consumer Sales to Total Category	79.3%	86.7%	89.9%
Licensee Sales to Total Category	20.7%	13.3%	10.1%
Beer			
Category to Total Sales	48.0%	40.2%	53.3%
Consumer Sales to Total Category	60.4%	55.8%	59.6%
Licensee Sales to Total Category	39.6%	44.2%	40.4%
Coolers			
Category to Total Sales	3.2%	4.9%	4.4%
Consumer Sales to Total Category	70.2%	62.4%	75.7%
Licensee Sales to Total Category	29.8%	37.6%	24.3%
Profitability ratios			
% Gross Margin to Sales			
Spirits	70.1%	70.6%	70.4%
Wine	57.3%	53.7%	59.2%
Beer	58.3%	57.8%	58.9%
Coolers	72.9%	68.6%	77.3%
% Net Income to Sales	54.5%	55.2%	52.9%
Efficiency Ratio			
Inventory Turns			
Spirits	2.64	3.04	1.47
Wine	3.05	3.11	1.22
Beer	5.87	4.49	13.00
Coolers	2.10	3.13	1.01

Performance Ratios

Norman Wells	Fort Smith	Fort Simpson	2001	2000
45.6%	29.6%	57.1%	40.4%	40.0%
85.8%	80.8%	94.0%	85.8%	85.9%
14.2%	19.2%	6.0%	14.2%	14.1%
3.8%	11.2%	1.8%	8.8%	9.1%
78.3%	97.3%	92.6%	82.4%	83.2%
21.7%	2.7%	7.4%	17.6%	16.8%
47.8%	55.1%	39.6%	47.2%	47.6%
63.5%	59.7%	55.1%	59.5%	58.1%
36.5%	40.3%	44.9%	40.5%	41.9%
2.8%	4.1%	1.5%	3.6%	3.3%
77.3%	74.6%	72.7%	69.8%	68.5%
22.7%	25.4%	27.3%	30.2%	31.5%
70.8%	70.9%	71.2%	70.4%	70.5%
51.7%	54.3%	29.6%	56.5%	56.7%
60.4%	59.6%	64.1%	58.8%	59.6%
59.1%	64.2%	36.4%	70.8%	72.1%
52.7%	52.5%	55.2%	54.3%	54.7%
1.88	3.66	6.07	2.54	2.44
1.38	4.80	2.92	2.72	2.66
4.55	11.09	7.54	6.22	6.64
1.89	8.00	9.33	2.17	2.26

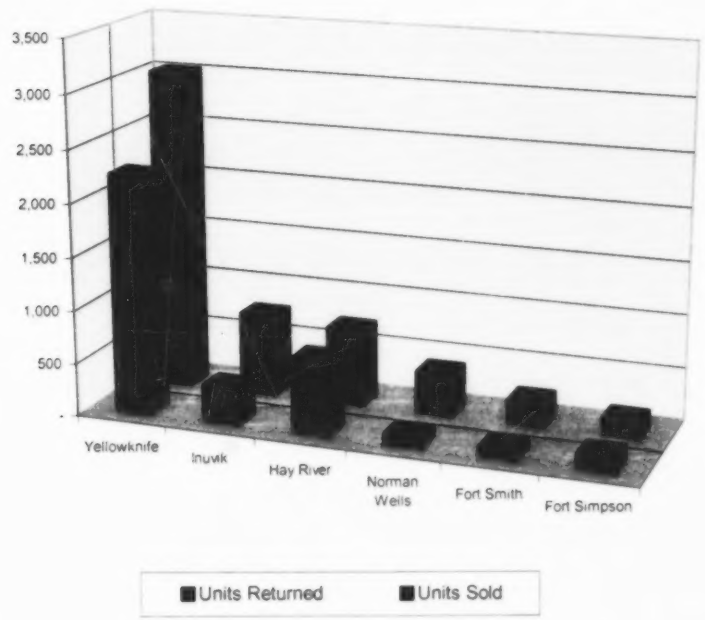
Recycle Program

Bottle Depot Operations

March 31, 2001

($000's)	2001	2000
Income		
Deposits collected on sales	645	599
Increase in allowance for outstanding deposits	11	36
Total income	656	635
Expenditures		
Deposits reimbursed to agents on returns	447	424
Commissions paid to agents on returns	73	68
Amortization of recycling equipment	12	15
Accrued Liability to Agents	-	-
Total Expenditures	532	507
Surplus	124	128

Deposit Units Sold & Returned



Deposit Units Sold and Returned by Location

(000's)	Spirits		Wine		Beer		Coolers		2001		2000	
	Sold	Return	Sold	Return	Sold	Return	Sold	Return	Sold	Return	Sold	Return
Yellowknife	270	210	157	202	2,390	1,496	207	339	3,024	2,247	2,803	2,194
Inuvik	102	34	27	16	548	188	87	101	764	339	677	280
Hay River	68	48	22	18	550	552	77	82	717	700	679	636
Norman Wells	23	-	5	-	355	96	12	-	395	96	345	69
Fort Smith	20	6	20	11	161	52	26	16	227	85	230	138
Fort Simpson	34	34	2	1	106	98	9	4	151	137	143	91
Total 2001	517	332	233	248	4,110	2,482	418	542	5,278	3,604		
Total 2000	505	329	241	228	3,752	2,438	379	413			4,877	3,408
% change	2.4%	0.9%	-3.3%	8.8%	9.5%	1.8%	10.3%	31.2%	8.2%	5.8%		

Deposits Collected and Paid by Location

($000's)	Spirits		Wine		Beer		Coolers		2001		2000	
	Collected	Paid	Collected	Paid	Collected	Paid	Collected	Paid	Collected	Paid	Collected	Paid
Yellowknife	68	52	39	50	239	150	21	34	367	286	344	277
Inuvik	26	8	7	4	55	19	9	10	97	41	86	34
Hay River	17	12	6	5	55	55	8	8	86	80	81	75
Norman Wells	6	-	1	-	36	9	1	-	44	9	39	7
Fort Smith	5	2	5	3	16	5	3	2	29	12	29	17
Fort Simpson	9	9	1	-	11	10	1	-	22	19	20	14
Total 2001	131	83	59	62	412	248	43	54	645	447		
Total 2000	126	82	60	57	374	244	38	41			598	424
% change	4.0%	1.2%	-1.7%	8.8%	10.2%	1.6%	13.2%	31.7%	7.9%	5.4%		

Ratio of Returns to Sales

(%)	Spirits	Wine	Beer	Coolers	2001	2000
Yellowknife	77.8	128.7	62.6	163.8	74.3	78.3
Inuvik	33.3	59.3	34.3	116.1	44.4	41.4
Hay River	70.6	81.8	100.4	106.5	97.6	93.7
Norman Wells	-	-	27.0	-	24.3	20.0
Fort Smith	30.0	55.0	32.3	61.5	37.4	60.0
Fort Simpson	100.0	50.0	92.5	44.4	90.7	63.6
Total 2001	64.2	106.4	60.4	129.7	68.3	
Total 2000	65.1	94.6	65.0	109.0		69.9
% change	-0.9	11.8	-4.6	20.7	-1.6	

Depot Fees Paid to Operators

($000's)	Spirits	Wine	Beer	Coolers	2001	2000
Yellowknife	4	4	30	7	45	45
Inuvik	1	-	4	2	7	6
Hay River	1	1	11	2	15	12
Norman Wells	-	-	2	-	2	1
Fort Smith	-	-	1	-	1	2
Fort Simpson	1	-	2	-	3	2
Total 2001	7	5	50	11	73	
Total 2000	7	5	48	8		68
% change	0.0%	0.0%	4.2%	37.5%	7.4%	

Northwest Territories Liquor Licensing Board

Financial Results And General Statistics

Statement of Operations

March 31, 2001

($000's)	2001	2000
Income		
Licensing Fees	413	402
Special Occasion Licenses	47	51
Annual License Fees	41	38
Other	36	13
Total income	537	504
Operating Expenses		
Salaries	250	243
Travel	55	58
Inspections Contracts	51	36
Office Rent & Supplies	39	39
Honoraria	23	26
Advertising	11	6
Professional Fees	1	6
Total Expenditures	430	414
Net Income	107	90

Five Year Performance History

Year	Gross Revenue (000's)	%Change In Revenue	Net Income (000's)	% Change Net Income	Operating Expenses (000's)
1997	619	-0.6	122	-17.6	497
1998	623	0.6	369	202.5	254
1999	606	-2.7	172	-53.4	434
* 2000	504	-16.8	90	-47.7	414
2001	538	6.7	108	20.0	430

* With the creation of the Nunavut territory, Nunavut operations have been removed.

MANDATE

Northwest Territories Liquor Licensing Board Members are appointed, for a two-year term, by the Minister of Finance to uphold the Liquor Act. The Board makes policies and deals with issues relating to issuing, suspending or cancelling licenses and setting conditions under which liquor may be served.

The Board also serves in an administrative tribunal capacity and holds hearings into alleged violations of the legislation by the licensees. The Board may hold public hearings where an objection regarding a new liquor application has been received.

The Liquor Licensing Board has an administrative office in Hay River that deals with the day-to-day administrative functions for licensing, enforcement, and community options. The Board provides a toll-free number for licensees and communities to call for assistance, when required.

MISSION STATEMENT

The mission of the Liquor Licensing Board is to foster an environment that guides and regulates the responsible and legal use of alcohol.

BOARD MEMBERS (as of MARCH 31, 2001)

Chairperson	Eric Malmsten	Yellowknife
Members	Ms. Elizabeth Danielsen	Norman Wells
	Mr. Albert Monchuk	Fort Smith
	Mr. John Simpson	Yellowknife
	Mr. Ross Ullathorne	Hay River
	Mr. Alan Davis	Inuvik

BOARD MEETINGS

The Board will hold their meetings in conjunction with Show Cause Hearings when possible otherwise the meetings are held through teleconferencing. During the 2000/2001 fiscal year, the Board held ten meetings, six of which were held through teleconferencing. Three meetings were held in Yellowknife, while one was held in Fort Smith. Unless the Board deems otherwise, all meetings, including Show Cause Hearings, are open to the public.

LICENSES GRANTED/ EXPIRED

In 2000/ 2001, the Board granted nine new licenses for three Dining Rooms, two Cocktail Lounges, two Clubrooms, one Guest Room, and one Ship license. Ten transfer applications were approved for five Dining Rooms, four Cocktail Lounges and one off premise license.

CLASS OF LICENSES

There are 143 liquor licenses in the Northwest Territories that fall under one of several possible classes of licenses. Each class has its own distinct rules to operate under as well as following the general rules and regulations of the Liquor Act and Regulations.

The following table indicates the classes and numbers of licenses in various communities along with the number of inspections that are carried out by Liquor inspectors and the RCMP.

Community	Class		Inspections per Community 2000/2001		1999/2000	
Fort Providence	Cocktail Lounges	3				
	Dining Rooms	3	Inspector	2	Inspector	9
	Off Premises	3	RCMP	312	RCMP	200
Fort Simpson	Cocktail Lounges	2				
	Dining Rooms	3	Inspector	53	Inspector	38
	Clubrooms	1	RCMP	624	RCMP	104
	Off Premises	1				
Fort Smith	Cocktail Lounges	4				
	Dining Rooms	2	Inspector	108	Inspector	112
	Clubrooms	3	RCMP	200	RCMP	192
	Off Premises	1				
Hay River	Cocktail Lounges	6				
	Dining Rooms	6	Inspector	174	Inspector	52
	Clubrooms	4	RCMP	680	RCMP	650
	Canteen	2				
Inuvik	Cocktail Lounges	9				
	Dining Rooms	7	Inspector	175	Inspector	186
	Clubrooms	2	RCMP	650	RCMP	500
	Canteen	2				
	Off Premises	2				
Norman Wells	Cocktail Lounges	3				
	Dining Rooms	3	Inspector	103	Inspector	43
	Clubrooms	2	RCMP	212	RCMP	194
Yellowknife	Cocktail Lounges	19				
	Dining Rooms	24				
	Clubrooms	4				
	Canteen	3	Inspector	1,121	Inspector	694
	Cultural & Sports	1	RCMP	4,200	RCMP	3,900
	Private Recreational Facility	2				
	Off Premises	1				
	Ships	2				

In addition to the above there are two aircraft licenses and eleven guestrooms/lodges located in various locations across the Northwest Territories.

INSPECTION OF LICENSED PREMISES

Liquor Inspectors are hired on a contractual basis to carry out unscheduled routine inspections of licensed premises. There are three inspectors in Yellowknife and one in each of the following communities; Hay River, Fort Smith, Fort Simpson, Norman Wells and Inuvik. The inspection program carried out by Liquor Enforcement targets high-risk premises (those most likely to offend) with more inspections than those that are considered low-risk (such as dining rooms.) The inspection program strives for voluntary compliance through regular spot checks, training courses, on-site visits and newsletters.

The RCMP routinely conducts a walkthrough program. Police officers inspect licensed premises on a regular basis as part of their routine patrol. Although the RCMP make their presence known in all licensed premises in the NWT, not all of the walkthroughs are reported; however infractions are recorded and submitted to Liquor Enforcement.

Licensees may be taken to a Show Cause Hearing as a result of infractions reported by either a Liquor Inspector or the RCMP.

LICENSEE TRAINING/ INFORMATION

A Server Training seminar is offered to licensed premises and holders of special occasion permits across the Northwest Territories. During 2000/2001, 160 people representing 35 licensed premises (including special occasion permit holders) have attended the Server Training Seminar in Inuvik, Norman Wells, Fort Providence and Yellowknife.

All licence holders and permit holders are provided with a quarterly newsletter, which is used as an educational tool to enhance licensees' knowledge on the Liquor Act and Regulations.

SHOW CAUSE HEARINGS/ BOARD DECISIONS

The following table represents the decisions of the Board where licensees were invited to show cause as to why their liquor licence should not be cancelled, suspended or have a lesser penalty applied as the circumstances may require.

Suspensions and fines vary depending on the specifics of each case.

Date	Licence holder	Violation	Disposition
May 04, 2000	Pinecrest Lounge Fort Smith	Allowing minors on the licensed premise; Section 98(3) of the Liquor Act.	Two-day suspension.
May 05, 2000	Port Lounge Fort Smith	Serving intoxicated person; Section 98(1) and allowing drunkenness; Section 98(2) of the Liquor Act.	Two-week suspension and a $3,000.00 fine.
May 06, 2000	Sam's Monkey Tree Pub, Yellowknife	Serving a person not entitled to consume liquor; Section 97 of the Liquor Act.	Fined $500.00

SHOW CAUSE HEARINGS/ BOARD DECISIONS CON'T.

June 24, 2000	Gold Range Hotel Yellowknife	Allowing minors on the licensed premise; Section 98(3) of the Liquor Act.	Licensee showed cause.
September 14, 2000	Gallery Neighbourhood Pub Yellowknife	Allowing minors on the licensed premise; Section 98(3) of the Liquor Act.	Fined $5,000.00
February 06, 2001	Ravens Pub Yellowknife	Allowing minors on the licensed premise; Section 98(3) of the Liquor Act.	Fined $5,000.00; ordered to take the server training seminar and to develop procedures to prevent further violations.
February 06, 2001	Industry Lounge Yellowknife	Allowing minors on the licensed premise; Section 98(3) of the Liquor Act.	Fined $1,000.00

SPECIAL OCCASION PERMITS

There are two classes of Special Occasion Permits. A resale permit allows a non-commercial organization, a recognized group and holders of a private recreational facility to take out a liquor permit. A private individual may take out an ordinary permit that allows that person to serve alcohol in a public setting. Permits are issued in several communities across the NWT. Privately owned companies and Hamlets provide this service through contract with the Department of Finance.

Special Occasion Permits were issued in the following communities:

Community	**2000/2001**		**1999/2000**	
Hay River	Ordinary	25	Ordinary	28
	Resale	90	Resale	78
Yellowknife	Ordinary	123	Ordinary	127
	Resale	98	Resale	98
Fort Simpson	Ordinary	05	Ordinary	07
	Resale	42	Resale	53
Fort Smith	Ordinary	07	Ordinary	07
	Resale	45	Resale	86
Inuvik	Ordinary	03	Ordinary	10
	Resale	33	Resale	42

SPECIAL OCCASION PERMITS CON'T.

Norman Wells	Ordinary	13	Ordinary	13
	Resale	19	Resale	29
Holman	Ordinary	03	Ordinary	06
	Resale	Nil	Resale	Nil
Fort Liard	Ordinary	Nil	Ordinary	Nil
	Resale	02	Resale	Nil

Communities that are not prohibited and do not have a local issuer may apply to the issuer that is closest to their home community or call the Hay River office for assistance.

COMMUNITY STATUS

The communities in the NWT have options available to them regarding their liquor status. In the NWT, communities are either:

- Unrestricted: there are no restrictions beyond those that are described in the Liquor Act and Regulations.
- Restricted: the restriction may limit the quantity and/ or frequency of alcohol brought into a community; limit the quantity and hours of sale at a liquor store or require individuals to seek prior approval from a community alcohol education committee to bring in a limited amount of alcohol into a community.
- Prohibited: alcohol is prohibited.

Unrestricted Communities

Aklavik	Colville Lake	Enterprise
Fort McPherson	Fort Resolution	Fort Smith *
Hay River *	Holman	Inuvik *
Jean Marie River	Paulatuk	Sachs Harbour
Trout Lake	Tuktoyaktuk	Tulita
Wrigley	Yellowknife *	

* These communities have licensed premises and a liquor store/ liquor warehouse.

Restricted Communities

Dettah	Deline	Fort Good Hope
Fort Liard	Fort Simpson **	Norman Wells **
Rae-Edzo		

** Fort Simpson and Norman Wells have licensed premises. The restriction applies to the amount of alcohol a store may sell to an individual on a given day and/ or the hours of operation that the store may operate.

COMMUNITY STATUS CON'T.

Prohibited Communities

Nahanni Butte	Snare Lakes	Tsiigehtchic
Wha Ti	Rae Lakes	Lutsel K'e

COMMUNITY OPTIONS

Where a special occasion is to occur in a municipality, settlement or area and the council of the municipality, settlement or band wishes to have the consumption, possession, purchase, sale, or transport or liquor prohibited, they may request the Minister Responsible for the Liquor Act to declare the area prohibited during the event. The request must be submitted to the Minister 15 days prior to the event. The Minister may then declare the area prohibited for a period not exceeding 10 days.

The following communities requested and were granted Special Prohibition Orders during the 2000/ 2001 fiscal year:

Community	Event	Duration
Fort Resolution	2000 Centenary Commemoration	July 20 – 29, 2000
Holman	Kingalik Jamboree	June 12 – 18, 2000
Kakisa	Deh Cho Assembly	August 13 – 20, 2000
Paulatuk	Ikhalukpik Jamboree	August 02 – 07, 2000
Rae-Edzo	General Assembly	August 09 – 14, 2000

LIQUOR PLEBISCITE

A community may change their existing liquor status by having 20 qualified voters petition the Minister responsible for the Liquor Act to hold a liquor plebiscite. Sixty percent of the votes cast must be in favor of the change.

In December 2000 the community of Paulatuk held a plebiscite to determine if the community wished to change their liquor status from unrestricted to restricted. The result of the plebiscite was that the community would continue to be an unrestricted community.